Regionalism and the development of the information society: 
Policy considerations from SADC

Abstract

One of the political and economic responses to globalisation and the associated rise of multilateral trade agreements is the integration of national markets and their governance within regions. As developing economies have become increasingly integrated into the global economy, the harmonisation of policies and standardisation of regulations to create economies of scale and scope, has been one of the primary strategies to improve regional competitiveness.

With the global economy underpinned by a dynamic communication infrastructure, African regional economic communities (RECs) have increasingly recognised the importance of Information and Communication Technology (ICT) in realising the vision of regional integration, and as a major determinant of national and regional competitiveness.

Despite member states’ acknowledgement of the need for regional connectivity, many initiatives across Africa aimed at supporting and establishing harmonised ICT policy frameworks have not had the intended outcomes. Strategies for developing seamless regional ICT infrastructures — necessary for the achievement of universal policy objectives of improved access to, and usage of, affordable broadband services now widely demonstrated to drive economic growth — have not been realised.

Through a case study of regional policy-making in the Southern African Development Community (SADC), the paper examines the political economy underlying regional processes and structures for the development and the implementation of ICT policy frameworks, as shaped by epistemic communities. By applying a hybrid methodology, the paper draws on quantitative secondary data but uses qualitative methods to gather the primary empirical evidence.

This evidence from multiple sources is examined through a broader political economy framework to develop an analysis of regional integration efforts in the area of information communication technologies in the Southern African Development Community (SADC).

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1 This paper draws from a Ph.D. thesis on governing regional telecommunication networks in the SADC region, which was submitted to the Faculty of Commerce, University of Cape Town, Graduate School of Business, in February 2015. The paper summarises the main research findings and presents some policy recommendations.
The institutional analysis reveals how institutional arrangements in the region - despite the accepted rationale and logic of market integration and harmonisation - have largely failed to achieve the intended ICT policy objectives stated in SADC protocols and declarations.

*Keywords: regionalism, information society, regional development, globalisation, regional governance.*
Introduction

The literature and studies on African telecommunications policy and regulatory environments tend to focus on aspects related to the degree of liberalisation and competition of telecommunications national markets versus ICT public policy and regulatory measures or on the ICT sector performance and market structures. Few works specifically address the matter in the context of regional integration processes and regional ICT infrastructure development.

Although the topic has encouraged research from many perspectives, the contribution of regional ICT policy and regulatory frameworks for the improvement of national ICT markets still has great scope for further investigation, especially in the African context. For instance, in the literature related to regional competitiveness (Kitson, Martin and Tyler, 2004; Johansson et al. 2002; Storper, 1997; Malecki, 2002; Porter, 1998a and 1998b), despite regional telecommunications infrastructures being acknowledged as an enabler for economic growth and social development, there is little research that analyses the role of regional policy, regulatory structures and processes in the creation of such conditions. In particular, there is space for further studies on how regional institutional arrangements in Africa, in charge of creating harmonised regional policy and regulatory conditions for the provision of universal access to telecommunications services, have achieved or constrained intended ICT policy objectives as stated in protocols and declarations.

Taking into account this evidence gap, this paper highlights the main problems encountered by a Regional Economic Community (REC)\(^2\) in Africa, the Southern Africa Development Community (SADC), to effectively develop and implement harmonised ICT policy and regulatory frameworks. Through an examination of regional structures and processes for telecommunications policy development, and based on a case study of SADC, the paper examines the political economy of regionalism and of communications.

The political economy perspective adopted to carry out this study is based mostly on practical and realistic paradigms, in the sense that analyses the praxis of the regional institutional actors and their influence on the concrete policy developments and implementation. The paper is concerned with the description of the relations within the regional political economy of communications, the interplay between multilateral, regional and national organisations, and the telecommunication markets in a specific historical period.

Problem statement

With regard to ICT in particular, the reform of telecommunication markets at a national level as a result of the WTO process through the General Agreement on Trade in Services (GATS) framework, has been uneven in SADC, with only a few member states undertaking certain

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\(^2\) Regional economic communities are the building blocs of an African Economic Community (SADC, 2004).
commitments. The GATS Annexure on Telecommunications, the Annexure on Negotiations on Basic Telecommunications, the Fourth Protocol on basic telecommunications, and Reference Paper on basic telecommunications have been only partially implemented. However, most member states have participated in, and partially implemented GATS-aligned reforms proposed by SADC or SADC regional bodies, such as the Communications Regulatory Association of South Africa (CRASA). This may be one of the main reasons of the poor performance of the SADC telecommunication markets. In particular:

(a) In the SADC region, the availability of low-cost backbone network capacity is limited, and this constricts the development of broadband connectivity (Williams, 2007 and 2009). As a result, market penetration of broadband in the region is equal to 1.9 per 100 inhabitants (Kim, Kelly and Raja, 2010).

(b) Poor network quality (Chetty et al., 2014), high costs of services (Stork, Calandro and Gamage, 2013), and limited bandwidth are considered the main reasons for an internet penetration rate below 10% amongst households in many African countries (Stork, Calandro and Gillwald, 2013b).

(c) The outcomes of policy and regulatory interventions at a regional level aimed at developing a regional ICT infrastructure in the SADC have not met policy objectives that have been articulated by the SADC countries (Cohen and Gillwald, 2008).

Research questions

The primary exploratory question arising from the problem analysis is why the regional institutional arrangements—including regional structures and processes—have not achieved regional objectives of integration through harmonisation of national ICT policy and regulatory frameworks with their associated positive policy outcomes. The research sub-questions that the primary question elicits are:

1. What are the drivers (national and international) of the development of an integrated and harmonised regional ICT policy and regulatory framework? Do they take into account national differences in terms of ICT sector development?

2. Has ICT policy and regulation in the SADC region achieved the level and status of integration and harmonisation as declared in protocols and declarations? If not, why are regional ICT policies, protocols and declarations not always implemented at a national level?

3. What has been the role of international organisations in regional ICT policy and regulatory formulation?

In order to answer the questions, the study explores the interplay between national, regional and international structures and processes. It does so by focussing on the political economy of regionalism and on the role of Regional Economic Communities (RECs) in the
process of the liberalisation of African markets with a specific focus on WTO GATS processes. Theories on regionalism (Haas, 1958; Nye, 1971; Pentland, 1973; Mugabe, 2006; Söderbaum, 2004), on the influence of epistemic communities (Haas, 1992; Sundström, 2000); on capacity-building as a tool for foreign affairs (Hameiri, 2009), and on the relationship between state and democracy in developing countries (Khan, 2002 and 2005) have been drawn on to develop a conceptual framework. This is used as a lens through which to filter the empirical evidence for analytical purposes.

**Methodological considerations**

The study is conducted through a political economy perspective, which is based on practical and realistic paradigms because it aims at exploring the praxis of the institutional actors and their influence on the concrete telecommunications policy developments.

The development of a regional ICT policy and regulatory framework for the economic growth and social development of southern African countries is investigated from the perspective of regional institutional arrangements. Institutional arrangements in the context of this analysis draw on North’s investigation into how institutions have impacted on telecommunications market performance. Specifically, focus is placed on why there is discrepancy between institutional rules (i.e. constitutional, policy and regulatory framework) and the implementation of these rules at an organisational level.

The methodology that is applied uses primary as well as secondary sources, with an emphasis on qualitative data and analysis, to examine how SADC institutional arrangements have shaped intended ICT policy objectives. Multiple methods are used to gather evidence for the case, including document analysis and in-depth interviews with key role-players within regional institutions as well as stakeholders within the ICT sector of the region.

Primary data is collected through semi-structured interviews carried out in person or remotely, using a structured questionnaire but with open questions. The research is also based on ‘direct observation’ of regional integration processes.

Interviews have been conducted with a purposefully selected array of state- and non-state actors and stakeholders involved in regional ICT policy processes, technical assistance and capacity-building activities. For secondary data, newspapers articles, websites, media releases and official documents have been analysed.

The interviewees were purposefully sampled: selection based on their potential to provide data that will contribute to answering the research questions.

The findings of interviews were triangulated with an analysis of the regional policy framework through a review of the regional legal basis; legal instruments; implementation and enforcement mechanisms; infringement procedures; and a critical evaluation of the level of implementation and ratification of regional arrangements at a national level.
First policy outcome: ineffective institutional arrangements for policy integration

The complex regional institutional arrangement for the harmonisation of ICT policy and regulatory frameworks in the SADC region, takes the form of a multitude of international, multilateral, regional and national organisations (from an institutional structure point of view) and model frameworks (from a policy and processes points of view).

Non-binding agreements and weak enforcement

In order to achieve regional objectives of poverty alleviation through economic growth and development, member states are required to harmonise political and socio-economic policies through protocols which are approved by the Summit on recommendations of the Council. With regard to ICT, policy issues have not been a priority on the SADC agenda. There has been no update in the last 20 years since the protocol on communications was adopted by the Summit in August 1996, when Heads of State gathered in Maseru, Lesotho to sign the SADC Protocol on TCM. Although constitutionally, decisions, policies and agreements entered into under the auspices of SADC are legally binding, only protocols are required to be implemented at a national level. It is not required that other documents such as declarations, model policies and model laws be adopted at a national level (Tayob, interview, 2012) and transposition is done on a voluntary basis (Linzie, interview, 2013). However, infringement procedures are not in place should national states fail to implement regional policies and model legislation (Linzie, interview, 2013; Tayob, interview, 2012; Bazzanella, interview, 2012), even though the organisation has legal instruments to enforce such decisions, policies and agreements. In fact, in order to enforce decisions, the SADC has set up institutional structures with decision-making, oversight, monitoring and evaluation, and executive

3 SADC Protocols are binding documents, which coordinate, rationalise and harmonise policies and strategies in many areas of cooperation including infrastructure and services. In the area of telecommunications and ICT, Chapter 10 of the 1996 SADC Protocol on Transport, Communications and Meteorology (TCM) states objectives, targets and responsibilities of SADC member states with regard to communications infrastructures. The Protocol on TCM is a binding document for SADC member states, which are required to implement the harmonised policy framework at a national level.

4 An attempt to update the SADC Protocol on TCM is represented by the recent ITU/EC HIPSSA project (2008-2013), through which ITU provided technical support to align policy, and legislative guidelines for industry developments, such as convergence of broadcasting and telecommunications licensing models. However, the amended protocol did not reach the SADC Summit level and therefore the main output of the second round of regional reforms does not have binding requirements for SADC member states.

5 Southern African countries strengthened regional cooperation among member states in 1992, when the SADCC Summit gave legal status to the regional organisation and replaced the Lusaka Declaration (1980) with a Declaration and Treaty establishing the SADC. Since then, SADC countries have been required to coordinate, harmonise and rationalise their policies and strategies for regional development.
powers. Interviewees revealed that despite such enforcement mechanisms being in place, SADC has neglected to use them (Msimang, interview, 2012; Mamelodi, interview, 2013). This could be due to the absence, or a low level, of political will, or bureaucratic apathy.

**Unevenness in national implementation and institutional capacity**

In addition to protocols, other legal instruments to harmonise ICT policy and regulation in the SADC region are model policies and model bills. These instruments of regionalism can be used as guidelines by member states to develop national policy and regulatory frameworks in the realm of ICT. Even though these documents are not specifically binding, it emerged from the interviews that member states have been adopting and using these models to develop national frameworks. As an outcome of the adoption of these models, national legislative frameworks on ICT should be similar in order to achieve policy and regulatory harmonisation. However, the process of adopting these documents at a national level is not linear and straightforward. National constraints derive, for instance, from specific national institutional arrangements and endorsements (Matanga, interview, 2012). Expert opinions revealed that legislation, methodology, and the structure of laws in each country may differ and constrain the various legislative approaches. Some countries may have constitutional limitations with regard to how a regional policy or law can be implemented at national level. Others may simply not have the capacity to introduce and implement the model law.

Also, transposing regional regulations into national legislation has not been properly institutionalised. Rather, transposition is done on a voluntary basis and infringement procedures are not in place if national states fail to implement regional policies and model legislation (Linzie, interview, 2013; Tayob, interview, 2012; Bazzanella, interview, 2012). The failure to harmonise national ICT markets results in an uneven level of liberalisation in

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6 According to the SADC Treaty (1992) the Summit, which consists of Heads of State or Government of all member states, is the supreme policymaking institution. The Summit is supported by the Council, which oversees the implementation of policies and the proper execution of programmes. The Integrated Committee of Ministers is in charge of monitoring and controlling the implementation of the RISDP and has decision-making powers to ensure a rapid implementation of programmes. The Secretariat is responsible for strategic planning and management of the programmes and it is responsible for submitting harmonised policies and programmes to the Council for consideration and approval. It has also monitoring and evaluation powers. The Secretariat is required to develop the capacity, infrastructure and maintenance of the regional ICT infrastructure, and to fulfill this role is supported by other regional organisations, including CRASA, the association of telecommunications regulators; SATA, a forum of operators of fixed land and mobile telephony networks; SATCC-TU, a technical support provider for the SATA; and SABA which represents public services and other broadcasting organisations.

7 Telecommunications Policies for SADC and the SADC Telecommunications Model Bill (1998) have the format of common guidelines for adoption and implementation at national level. These documents were developed to assist SADC member states to develop national policies and regulation on ICT.
SADC national markets (Table 1 below) and an uneven level of technological readiness throughout SADC countries (Table 2 below).

**Establishment of national regulatory agencies**

One of the main successes of the implementation of the SADC Protocol on TCM at national level and of the first round of reforms,\(^8\) was the creation of independent regulatory bodies in the SADC countries and the separation of postal and telecommunications regulatory frameworks and regulatory bodies (Mamelodi, interview, 2013; Msimang, interview, 2012). The majority of SADC countries have implemented the SADC Protocol on TCM (Mamelodi, interview, 2013), with the support of SATCC-TU (Tayob, interview, 2012). This is confirmed by the document analysis, from which it emerges that the principle of regulatory independence, included in the Reference Paper of the IV Protocol to the GATS, was implemented by both the SADC Protocol on TCM, which prescribes the establishment of autonomous and independent regulatory bodies, and by the Telecommunications Policies for SADC, which mentions that in a reformed telecommunications industry, public roles and powers should be clearly separated. However, other studies on ICT sector performance in selected African countries (Calandro et al., 2010; Gillwald, 2010) have been more critical of the level of independence of regulatory bodies in Africa. In fact, although the last decade has seen institutional rearrangements adjusted within the ICT sector to conform to international reform trends - with the ITU reporting that 93% of African countries have established regulators – these reforms do not equate to regulatory effectiveness if primary policy objectives are assessed against outcomes. The impotence of many regulatory agencies across the continent relates, at least in part, to the absence of political autonomy to regulate independently (Calandro and Moyo, 2010). Although the law generally establishes the autonomy of the regulator, in practice the required authority for them to regulate effectively is often curtailed by their lack of independence as a result of either the appointment process for the decision-making body, the financial situation of the authority, or the absence of accountability and transparency processes.

Another obstacle to the implementation of regional frameworks at national level is that participation of member states in the process of reforming the telecommunications sector at regional level is in the form of conferences and validation workshops. Thus their role is more visible at the end of the process and less evident during the process, when it would be more relevant (Jallow, interview, 2013). In order to be effective, the regional policy needs to be aligned with local institutional needs in order to have local standing and ownership. Technical

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\(^8\) The first round of ICT reforms in the SADC coincides with the development and implementation of the SADC Protocol on TCM (1997), the Telecommunications Policies for SADC and the SADC Telecommunications Model Bill (1998).
assistance is not effective without a deep understanding of the political economy in which reform is taking place (Gillwald, 2012).

**Telecommunications subsumed under broader transport and meteorology protocol**

Consequently, in the second round of reforms, the SADC Protocol\(^9\) was not updated by the Summit.\(^{10}\) The endorsement of the protocol by the Summit is necessary for the document to become a legally binding text for member states. Two main reasons for this failure emerged from the interviews: first, the SADC Protocol includes not only a section on communications, but also one on transport and one on meteorology. Therefore, in order for a revised or new protocol to be approved, all the sections have to have been reviewed in unison. However, only the communications section had been reviewed. Secondly, the SADC legal department identified a procedural problem in the updating process (Mamelodi, interview, 2012). Therefore, the HIPPSA project failed to achieve its main objective of updating the SADC Protocol by aligning it with continental and global trends.

**ICT policy reform as a new form of foreign affairs shaped by epistemic communities**

International, donors and multilateral organisations, such as USAID, ITU and the European Commission, have been extensively and consistently involved in ICT policy reform processes in the SADC region from the 1990s. SADC countries, many of whom are heavily in debt, or have public budget constraints, often do not pay regional membership fees.\(^{11}\) As a result, other policy areas deemed more relevant and important in the region, such as fighting HIV/AIDS or natural resource management, are on top of the SADC policy agenda. Regional organisations are able to secure some public budget to undertake policy development work in these critical areas, while ICT policy is normally not considered a priority for the regional agenda on development (Matanga, interview, 2012). Therefore, regional organisations depend on international, multilateral or donor organisations to run ICT policy and regulation programmes.\(^{12}\) These are designed and implemented to improve regional competitiveness and

\(^9\) The updating of the Protocol on Communications was one of the main objectives of HIPSSA, a project funded by EC and implemented with the support of ITU (ITU, 2013).

\(^{10}\) Since the Protocol is a binding document for its signatories, it needs to be endorsed by Heads of State. According to the SADC Treaty, protocols are approved by the Summit on recommendations of the Council (SADC Treaty, 1992, Art. 22 (2)).

\(^{11}\) Some SADC countries belong to different RECs. This raises administrative costs because membership is associated with financial obligations.

\(^{12}\) The ICT programme of the SADC Parliamentary Forum, for instance, has been created and funded only through donor funds. In 2012, when all donors withdrew from the programme, the entire SADC PF chapter on ICT had to close.
regional attractiveness and to reap economic and social gains as a result of the deployment of ICT infrastructures.\textsuperscript{13}

**Shaping of regional reform agenda by external interests**

The strong influence of international, multilateral and donor organisations in shaping a regional agenda on ICT is a combination of a global technical agenda for the interoperability of the global telecommunications network and the internet\textsuperscript{14} on the one hand; and on the other hand, a relationship of dependence by national and regional institutions on international, multilateral and donor organisations to run ICT programmes to compensate for their lack of capacity, skills, funds and independence.

International and multilateral organisations have the technical capacity to support RECs and normally they provide technical support in the form of capacity-building. SADC institutions and regional processes have been supported and shaped by a network of development practitioners, consultants and academics with a shared system of values, beliefs and practices, mostly drawn from Western democracies and mature economies. This community of experts is referenced in the literature as an “epistemic community” (Haas, 1992).

Haas (2008) has argued that epistemic communities emerge and proliferate when demands for specialised information arise. In the case of the reform of SADC regional ICT policy and regulatory framework, interviewees indicated that the intervention of international organisations was based on the need to build capacity and provide technical assistance either for the development of a common framework or to update one. This fitted in with international best practices of regulation, relating to the separation of political, legislative and regulatory power (first round of reforms) – even if ineffectively implemented - and convergence and internet regulation, such as cyber-security (second round of reforms).

The epistemic community of external consultants and representatives from international organisations, who have been involved in regional processes, have a normative approach to regional policy-making, which comes from their experience of the mature markets of Europe and the United States. This normative approach informing regionalisation efforts draws extensively from the European Union as the most developed integrated region,

\textsuperscript{13} Extensive and efficient telecommunications infrastructure is a driver of competitiveness (WEF, 2014). Investment in telecommunications is substantially more productive than investment on average, due to the existence of externalities (Canning, 1999). Studies have identified positive associations between telecommunications infrastructure and economic growth (Jipp, 1963; Dholaokia and Harlam, 1994; Roller and Waverman, 2001; Koutrompis, 2009; Kim, Kelly et al, 2010, Katz, 2012; Williams, 2009; OECD, 2007).

\textsuperscript{14} The two main global organisations in charge of technical interoperability of telecommunications and the internet are the ITU and the ICANN. The ITU has standardisation and radio spectrum harmonisation at the core of its technical mandate. The ICANN is engaged in managing internet numberings and domain names.
for instance, where institutionalised and complex structures and processes for the harmonisation of regional frameworks are in place, and the interaction between the regional level and the national level is structured around sophisticated bureaucratic organisations, which monitor and evaluate the implementation of regional measures.

**Second policy outcome: limited market entry and FDI**

Reasons for integration of regional blocs in a continental free trade area can be found in the theory of political economy of regional integration. Reducing costs of intra-trade between African countries, increasing foreign investment flows, and addressing capacity constraints have been heralded as key objectives of regional trade agreements. The political motivation of such trade agreements, which has been confirmed by the interviews, has been to create a southern African economic community as part of the broader goal of African unity (Draper, 2011). Interviewees pointed out that one of the drivers for the development of a harmonised regional ICT policy and regulatory framework was building an African identity (Jallow, interview, 2013; Tayob, interview, 2012). Historically, integration in southern Africa was either to consolidate South Africa’s economic management of the region, primarily for labour supply purposes through the customs union, or subsequently for the Frontline States to isolate South Africa under the apartheid regime. However, over the last two decades, regional integration has been considered a strategy to allow SADC countries to “speak the same language” (Katiti, interview, 2013).

**Market liberalisation and FDI**

Objectives for the integration of ICT policy and regulatory frameworks in the SADC mostly relate to the creation of regional economies of scale and scope (Linzie, interview, 2013; Katiti, interview, 2013; Tayob, interview, 2012). A regional market “would attract a bigger injection in the sector” (Linzie, interview, 2013). While all SADC member states encourage foreign direct investment (FDI), each member state currently operates its own, regulatory framework with its own pace of economic liberalisation, that is largely disconnected. Some member states place restrictions on foreign ownership of the telecommunications industry and media. Assessing foreign investments in telecommunications in the SADC is problematic, particularly because different institutional sources of sector indicators report diverging data.15

The first round of reforms introduced the liberalisation phase of telecommunications markets, with the intention of providing clear sector policy and regulatory guidance to govern the transition from state-owned monopolies to privatised infrastructures. Market reforms in

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15 According to SADC, five SADC countries restrict foreign investments in telecommunications, with only Mauritius and Zambia allowing 100% foreign ownership. Madagascar and Mozambique only restrict fixed line telecommunications, allowing foreign ownership of mobile services (SADC, 2014).
the telecommunications sector were introduced in the last quarter of the 20th century to correct inefficiencies in the public utilities. In the liberalisation phase of the reform of the sector, market forces were thought to be the prime drivers of efficiency (Ndukwe, 2005). However, the FDI in Africa was highly concentrated in the oil and mining sectors.

The following table compares and summarises two sources of data on market entry in the SADC, with a particular focus on foreign direct investment.

<table>
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<tr>
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<tbody>
<tr>
<td>Angola</td>
<td>Restricted: Foreign companies are prohibited from holding a majority stake in any telecommunications licensee. Cross ownership of licensed operations is limited to 10%.</td>
<td>Allowed</td>
<td>Allowed</td>
</tr>
<tr>
<td>Botswana</td>
<td>Open to foreign investors (especially in the mobile segment). No restrictions on foreign suppliers.</td>
<td>Not allowed</td>
<td>Limited to 2</td>
</tr>
<tr>
<td>DRC</td>
<td>Open to foreign investors. Mobile sector heavily dominated by foreign companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesotho</td>
<td>1999 Act promotes the introduction of competition by attracting new players.</td>
<td>Allowed</td>
<td>Not allowed</td>
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<tr>
<td>Madagascar</td>
<td>Open to foreign investors.</td>
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<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>Open to foreign investors. However, there are restrictions both in the fixed and mobile markets, but on a non-</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
</tbody>
</table>
Table 1: Market entry and FDI in SADC countries

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<tr>
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<tr>
<td>Mauritius</td>
<td>Discriminatory basis.</td>
<td>Allowed</td>
<td>Allowed</td>
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<tr>
<td>Mozambique</td>
<td>Open to foreign investors. The country represents an emerging offshore investment destination.</td>
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<tr>
<td>Namibia</td>
<td>Restrictive. Foreign ownership available by licence to 49% of the company that applies for the licence.</td>
<td>Not allowed</td>
<td>Allowed</td>
</tr>
<tr>
<td>Seychelles</td>
<td>Open to foreign investors. 100% of voice market is controlled by foreign suppliers.</td>
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<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>Open to foreign investments, especially in the mobile and mobile broadband sub-sector.</td>
<td>Not allowed till expiry of a specific timeframe which can be extended</td>
<td>Allowed</td>
</tr>
<tr>
<td>Swaziland</td>
<td>Restricted. There are no foreign-controlled entities in the voice telephone market.</td>
<td>Not allowed</td>
<td>Allowed after Nov 2008</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Open to foreign investment. Voice telephony providers, with a foreign controlling interest, account for over 99% of the voice telephony market.</td>
<td>Allowed</td>
<td>Allowed</td>
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<tr>
<td>Zambia</td>
<td>Open to foreign investment, in particular the voice market.</td>
<td>Now allowed</td>
<td>Allowed</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Restricted. 80% of voice telephony is controlled by Zimbabwean companies, with only 20% available to foreign entities.</td>
<td>Allowed</td>
<td>Allowed</td>
</tr>
</tbody>
</table>


American consultants influenced the first round of reforms, introducing a free market ideology (Goulden, interview, 2012). This ideology was imbued into the Telecommunications Policies for SADC (SATCC, 1998) which envisaged the creation of a competitive regional telecommunications sector, attracting local and foreign investors, promoting a fair competitive and stable investment environment, and providing network access on reasonable and non-discriminatory terms and conditions. Nevertheless, the region adopted a “cautionary approach” to telecommunications sector reform (Hodge, 2002), because of strong political opposition to full liberalisation of the sector.

As a result, both domestic and foreign investment in telecommunications in the SADC region are limited (table 1). Botswana, Namibia, Swaziland and Zambia do not allow new entrants in the fixed-lines market (UNCTAD, 2009). In Angola, foreign companies are prohibited from holding a majority stake in any telecommunications licensee, and cross-ownership of licensed operations is limited to 10% (Lewis and Abrahams, 2013). In Namibia, market entry is restricted, since it does not allow more than 49% of the telecommunications companies to be owned by foreigners. In Zimbabwe, the indigenisation policy requires majority ownership by “indigenous Zimbabweans”.

**Uneven telecommunications sector reform through the GATS**

Telecommunications markets have been only partially reformed at a national level in the WTO process through the GATS framework, and only a few member states have agreed on a certain number of commitments. In SADC, only six countries (Botswana, DRC, Lesotho, South Africa, Mauritius and Zimbabwe) have made specific commitments in
telecommunications. As part of that process, South Africa committed to at least a second national operator. With regard to mobile communications, only South Africa and Mauritius made commitments, both undertaking a limited liberalisation of this market segment, allowing two operators to enter the market initially, but South Africa committed to more.

In the VAS segment, only Lesotho committed to full liberalisation of the sector, while South Africa and Zimbabwe offer limited liberalisation. All service providers are required to lease monopoly facilities in order to offer their services.

**Third policy outcome: poor market performance**

Socio-economic outcomes in many developing countries are shaped by political patronage and internal political instability. The economy is not sustained primarily through effective fiscal policies but mainly through accommodating off-budget interests of factions organised along political patronage lines (Khan, 2002). Client-patron networks in Africa survived the transition to democracy. In developing countries the patron can divert political power to capture public resources. An extreme example of this is Swaziland, but this is also evident in countries such as Mozambique, Zimbabwe, Namibia and South Africa to different degrees.

In this political context, SADC countries do not have a political and regulatory environment conducive to investment. The heterogeneity of political and regulatory environments among SADC countries is an obstacle to harmonising and integrating national policy and regulatory frameworks at a regional level because different countries have different institutional arrangements, political environments and different legislative frameworks (Matanga, interview, 2012; Le Bihan, interview, 2012.

Most SADC countries are defined either as “factor driven economies”\(^\text{16}\) or as “transition economies” by the Global Competitiveness Index (GCI) of the WEF (2014). These countries are characterised by weak institutions, absence of efficient higher education and training, under-developed infrastructures, small market size and poor technical readiness (GCI, WEF, 2014).

While South Africa and Mauritius are the leading countries in the region in terms of quality of the overall infrastructure, all the other countries rank poorly on global indexes such as the GCI (WEF, 2014) and the IDI (ITU, 2014), as depicted in Table 2, Table 3 and Table 4 below.

<table>
<thead>
<tr>
<th>Table 2: GCI WEF indicators for the SADC region, 2013-2014</th>
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<tr>
<td><strong>Overall infrastructure</strong></td>
</tr>
<tr>
<td>Rank</td>
</tr>
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</table>

\(^{16}\) Factor driven economies in the SADC region are Lesotho, Madagascar, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe.
### Table 3: NRI WEF 2013-2014 for the SADC region

<table>
<thead>
<tr>
<th>Country</th>
<th>The Networked Readiness Index 2014</th>
<th>Political and regulatory environment</th>
<th>Business and innovation environment</th>
<th>Infrastructure and digital content</th>
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<tbody>
<tr>
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<td>3.48</td>
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</tr>
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<td>3.49</td>
</tr>
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<td>112</td>
<td>3.81</td>
</tr>
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<td>Seychelles</td>
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<td>63</td>
<td>4.33</td>
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<td>Zimbabwe</td>
<td>122</td>
<td>3.06</td>
<td>133</td>
<td>3.35</td>
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</tbody>
</table>

Source: WEF 2014

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### Table 4: IDI ITU 2012 for the SADC region

<table>
<thead>
<tr>
<th>Country</th>
<th>The ICT Development Index (IDI)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ICT Development Index (IDI), 2012</td>
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<tr>
<td>Angola</td>
<td></td>
</tr>
<tr>
<td>Botswana</td>
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</tr>
<tr>
<td>DR Congo</td>
<td></td>
</tr>
<tr>
<td>Lesotho</td>
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</tr>
<tr>
<td>Madagascar</td>
<td></td>
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<tr>
<td>Malawi</td>
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<td>Mauritius</td>
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<td>Seychelles</td>
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<td>Zambia</td>
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<tr>
<td>Zimbabwe</td>
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</table>

Source: WEF, 2014.
Inability to leverage ICT for growth and development

In the majority of SADC countries, telecommunications networks are poorly developed, and access to and use of ICT is low. Regulatory agencies lack independence (Calandro, Gillwald, et al., 2010) and the executive assumes parliamentary roles and responsibilities (Matanga, interview, 2012) weakening legislative and oversight functions. This paper maintains that government organisations and regulatory agencies do not have enough technical and financial resources to regulate the sector effectively. SADC countries are unable to leverage ICT to improve business efficiency and therefore to increase productivity (GCI Technological Readiness, WEF, 2014).

On a different note, island states such as Mauritius and Seychelles are efficiency driven economies (WEF, 2014), have higher levels of individuals using the internet and greater numbers of fixed (wired)-broadband subscriptions (ITU, 2013).

South Africa, in contrast, has the characteristics of both a developed and developing economy. On the one hand the country has the strongest economy in the region (Table 5 below) and has a relatively high level of access to ICT in comparison to other SADC countries (ITU, 2014).

Table 5: Macro-economic indicators

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (millions, 2012)</th>
<th>Real GDP (billions, USD)</th>
<th>GDP (PPP) per capita (international USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>20.82</td>
<td>114.1</td>
<td>6,006.3</td>
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<tr>
<td>Botswana</td>
<td>2</td>
<td>14.5</td>
<td>16,104.9</td>
</tr>
<tr>
<td>DR Congo</td>
<td>65.7</td>
<td>17.2</td>
<td>--</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2</td>
<td>2.4</td>
<td>1,931.2</td>
</tr>
</tbody>
</table>

Source: ITU, 2013

17 Specifically, Angola, Madagascar, Mozambique, and Zimbabwe do not have a conducive political and regulatory environment (WEF, 2014).
Besides its relatively strong infrastructural development, its institutional development includes sophisticated world universities and research bodies. The country also has a strong private sector and financial services sector (WEF, 2014). On the other hand, despite the country still being the highest on several indicators at a regional level, it lost positions on global ICT indices over the last two decades (Gillwald, 2013).

**Challenges to ICT policy harmonisation and integration at a regional level**

The need to identify appropriate structures and processes for the governance of regional telecommunications infrastructures comes from the fact that in a converging environment dominated by internet and IP-based services, traditional governing bodies and decision-making procedures do not work as effectively as in a nationally bounded telecommunications environment, dominated by incumbents, and regulated by sovereign national government organisations. This is compounded by the lack of financial means, human resources, and technical capacity at a regional level, especially with regard to ICT policy and regulation. This makes developing countries even more reliant on international, multilateral and donor organisations to develop harmonised regulatory frameworks.

**First round of reforms**

In the first round of reforms, the wave of liberalisation of telecommunications markets was supported by global processes, such as the WTO GATS processes. Support from international and multilateral organisations for the SADC was relatively effective; at least in developing regional model legislation and guidelines that were instrumental in separating regulatory bodies from government organisations. Conversely, the second round of reforms, which was part of a global reform movement towards converged, broadband services, aligned with new global governance arrangements, and, at the regional level, based on the EU model of cooperation, has not been as successful.

From a political economy perspective, different stages of economic, political and social development make it difficult for SADC member countries to have common priorities and therefore to adopt common models or frameworks.
Lack of African participation in global governance

Although an international and global agenda on ICT sector reform has been developed, based on policy and regulatory objectives shaped by industry, and technological standards coming from the mature markets of the global north - and supported by well-structured and well-resourced international and multilateral organisations - African countries have seldom been able to participate in international debates and decision-making processes, tasked with developing a technical and policy agenda for the development and maintenance of the global network (Calandro et al., 2013). African governments are normally marginalised from ICANN decision-making structures and processes. Thus they default to ITU meetings as the African caucus for the governance of the internet. At an ITU level, SADC countries have been able to successfully coordinate their strategies and positions in an attempt to be more effective at an international level on global governance issues. However, African RECs do not have rights to vote in such forums.

In order to include marginalised countries in the process of globalisation of telecommunications networks, African RECs have been used as a bridge to compensate for the gap between the international and global debate and national policy and regulatory agendas. RECs, having no capacity beyond their secretariats, have been receptive to technical assistance and capacity-building initiatives, which try to compensate for the lack of technical skills, financial resources and independence in the sector at a national level.

Non-alignment of international reform agenda to domestic conditions

Like previous governance reform initiatives in relation to telecommunications, these are aligned to an international reform agenda, and are based on a set of values and ‘best practices’ developed from more mature markets, and shared and supported by the epistemic community. In this sense, policymaking in the SADC region can be considered as a foreign affairs tool to advance the shared set of values and beliefs drawn from mature markets and Western democracies. These interventions, if not properly developed and implemented, create a waste of international technical and financial resources, which are critical to support the development of recipient countries. In fact, it is doubtful if any member states involved in the reform initiative could have put in place this process without any kind of external support.

Lack of national implementation of regionalisation strategies

In the southern African case of regional ICT policymaking and regulation, one of the historical drivers of the development of a harmonised regional ICT policy and regulatory framework, is the emulation of the EU model of integration. African states hope to reach the same level of regional integration through regional harmonisation of national policy and regulatory frameworks, but enforcement of regional ICT policies, protocols and declarations at a national level is uneven. Regional policy outputs in terms of legislative documents (i.e.
protocols, model policy and model bills, declarations) are not evenly implemented at a national level. Legislation, methodology, and structures of the laws in each country differ, and that creates an additional obstacle to transposing regional policy and regulation at national level. Soft legislative measures such as declarations have been extensively used by SADC organisations and are one of the main outputs of regional policymaking. Despite this, the documents are not transposed into national law.

**Low levels of consultation and participation at a country level**

Member states participate in the process of reforming the telecommunications sector through meetings, in the form of conferences and validation workshops. Normally, these meetings take place at the end of the policy and regulatory process, so member states have little input in the actual process, methods, outcomes. As a result, SADC member states have a weak buy-in to regional issues. Budget and human resource constraints are the main obstacles to effective participation by SADC countries in regional processes. In addition, the involvement of member states in regional processes is mostly driven by ICT ministers, who often fail to report back to parliaments on issues related to ICT. Therefore the follow-up at national level is normally poor.

**Recommendations**

This paper recommends more inclusiveness and transparency for all organisations, from global governance down to national level, on issues related to regional governance. Specifically, regional governance structures and processes should evolve and improve in the following aspects:

1) Regional governance should be developed through an eco-systemic approach. Regional organisations represent only a portion of the wider ICT ecosystem, which includes global, regional and national organisations and on which RECs have currently limited impact. Regional organisations must be represented in global forums, both at the ITU, ICANN and European Union level, in order to co-create an agenda on global internet governance.

2) The levels of efficiency and innovation that enable the evolution of the ecosystem depend on the availability of the skills and competencies of the people, and the resources for institutions, at each node within the ecosystem, including the regional level. Therefore, technical assistance and capacity-building have to focus on developing the necessary skills and competences for regional ICT policymaking and regulation in a converging environment.

3) Programmes and projects of technical support or capacity-building by international organisations and donor communities should involve not only regional organisations but also national governments from the beginning of the process, i.e. the planning
phase. This should continue throughout the entire process, in order to improve national and regional buy-in and therefore ensure the sustainability of these interventions. Sustainability of the interventions should be one of the main objectives of the international cooperation interventions. Mechanisms for the sustainability of interventions should be devised as soon as the beneficiary has agreed to accept technical assistance or capacity-building and international organisations and/or donor communities have agreed to provide it.

4) Reforming regional decision-making bodies and policies in the area of ICT, with a regional agenda in mind, and through an ICT ecosystemic approach, is not the only ICT governance issue at a regional level. Understanding national priorities, measuring different levels of development of ICT markets and creating concrete incentives – and a favourable investment environment - for the private sector to grow at a national level, has to be the main objectives of regional governance structures and processes.

5) Efforts at greater multi-stakeholder participation at regional level, in order to feed into the global internet governance forums is an important link in the dynamic ICT ecosystem. For this reason, reforming regional structures, decision-making bodies and policies in the area of ICT, taking into account the challenges affecting regional institutional arrangements, and taking into account the regional political economy, should be a priority in the regional and global governance debate.

**Conclusions**

This paper has provided insights into the reasons for, what the findings revealed as, the failure of the regional telecommunications reform project within SADC, despite the formalities of a legal framework on ICT policy and regulation with associated structures and processes. The research allows one to draw conclusions on regionalism in SADC and to observe how institutional arrangements underpinning the geopolitical process of integration can promote or obstruct the development of an information society at national level.

Since this paper is focused on one specific regional economic community, there are limitations to generalising its lessons to other countries and regions. Yet in the process of analysing the empirical evidence, through the a political economy lens, a theory has been developed to explain the interplay between international instruments and agendas for the development of the information society and some of the inhibiting domestic factors that influence regional reform outcomes.

Despite working from a single case, a theory of the role of capacity building and technical assistance as instruments of foreign policy for regional reform, as shaped by epistemic communities, has emerged. Arriving with a set reform agenda, informed by
political and economic assumptions that do not pertain to the political economies of the countries or regions in which they provide technical assistance or training, foreign states or multilateral agencies, through their agents, tend to fail often to consider adequately the compatibility of political systems, institutional endowments of the region, power relations and conflicting interests, overriding more organic and eco-systemic reform initiatives. This is the original contribution of this thesis to the existing body of knowledge on regionalism.

The paper has developed a contention that can be generalised to other developing regional blocs, with broadly similar economic and political conditions. Learning’s identified in SADC, can be transposed to other regional economic communities of developing countries as theories and analytical frameworks to be tested in the context of those specific political economies. To develop this thesis further, a comparative analysis of the role of foreign policy, state-building and epistemic communities in regional reform processes and the factors making some regions more conducive to telecommunications reform than others, should be undertaken.
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